HORSE RACING INDUSTRY TASK FORCE

Report to the Solicitor General of British Columbia

July 1988

Province of British Columbia

TABLE OF CONENTS

PAGE

Executive Summary

Introduction.....1

State of the Industry.....2

Type of Facility.....4

(a) Dual Purpose Facility.....5

(b) Running Track.....7

(c) Stable Area.....8

(d) Patron Facilities.....9

Location.....9

Related or Complementary Uses.....14

Ownership - Management Structure.....14

Facility Proposals.....19

(a) Location and Other Site Characteristics.....23

(b) Financial Projections.....25

(c) Capital Costs.....30

(d) Ownership - Management Structure.....31

(e) Financing.....32

Teletheatre Wagering.....34

Recommendations.....37

Appendices:

Appendix A - Terms of Reference
Appendix B - Proposals and Submissions
Appendix C - Site Area, P.N.E. Grounds
Appendix D - Architect's Drawing Showing Potential of 110 Acre Site
Appendix E - Annual Population Growth Trends
Appendix F - Exhibition Park - 10 Year Statistics
Appendix G - Financial Implications to Government

EXECUTIVE SUMMARY

The task force was appointed by the Attorney General to inquire into the issue of improved horse racing facilities in the Lower Mainland area, and to review specific proposals submitted by those interested in providing such facilities. The response from the industry and from others was excellent. There was obviously a high level of interest in the issues that were referred to us. Inadequate facilities is not the only challenge facing the industry, but it is a significant one. The industry is at a critical juncture and decisions made now will determine its course into the next century.

The facility proposals that we received were very impressive, but the challenge of producing an instant solution to the facility needs of the industry is overwhelming. None of the proposed sites were as conveniently located as Exhibition Park to the major population areas and the existing fan base, but then where is one going to find 300 acres of level land close enough to the downtown core yet inexpensive enough to develop as a race track? The other major difficulty in devising an immediate solution is the enormous cost of a new facility and the financial burden that it would impose on an industry that is in a struggle to survive. Whether a new race track cost $60.5 million or $101 million, whether it is financed by debt, equity or any combination of the two, whether it involves a redirection of .5% of the pari-mutuel tax or 2.5%, the net result is that a new facility built now will take money out of the industry unless it can be demonstrated beyond doubt that the benefits of having it would be at least as significant and immediate as the costs. The onus is a heavy one and given the current state of the industry there are no margins for error. We were not sufficiently confident about any of the proposals to recommend their implementation.

The industry currently suffers from a fundamental structural problem which no solution aimed just at facilities is going to resolve. The industry has too little control over its own future. In the case of thoroughbred racing the critical decisions are made by the track operator, the P.N.E. and the City of Vancouver, not the breeders, owners, trainers, jockeys and the rest of the people who make up the industry. The industry must, over the long-term, work itself out of some of these dependencies. The creation of a non-profit society to develop, own and manage horse racing facilities in the

Lower Mainland area would be a significant move in this direction. The primary attraction of this form of structuring is that when critical decisions that have industry-wide implications are made, the interests of the industry are more likely to prevail over the narrower interests of the track operator if they are made collectively by the members of a non-profit society representing the various segments of the industry and others having an interest in the future of racing.

In terms of the facility needs of thoroughbred racing, Exhibition Park is at best an interim solution, and then only with substantial improvements, particularly to the stable area and the running track. It is a superb location, but the site area is simply too small. Exhibition Park could be a world-class facility for standardbred racing which requires a shorter running track and consequently a smaller site area. We believe that Exhibition Park should for an interim period be converted into a combined thoroughbred-standardbred facility with an enlarged running track of six or seven furlongs for thoroughbreds, and a separate interior running track for standardbreds, and an improved stable area that could accommodate approximately seven hundred horses. In our judgment such a program of modifications and improvements to the existing facility is more appropriate than attempting to force a new race track on a site that is simply not large enough to accommodate it.

Over the longer term we are of the opinion that a new world-class race track should be built at some other location, possibly Colony Farm. The site should be acquired as soon as possible and all the necessary approvals should be obtained. The development of the new facility should proceed in phases, starting immediately and beginning with a first-class training centre for thoroughbreds, followed perhaps by a sales complex designed to also serve as a teletheatre location. The pace of development of the new facility will depend primarily on financial considerations. We believe it is crucial that the transition to a new facility occur without incurring a huge financial burden, something which the industry in its current circumstances simply cannot afford.

Ideally, we would end up with two world-class facilities, Exhibition Park for standardbred racing and a new race track at a new location for thoroughbred racing. We believe the transition will become possible within a ten to twelve year period, in time for the twenty-first century.

We have asked the Provincial Government to increase its commitment to the facilities improvement fund from .5% of the pari-mutuel tax to 2.5%. Based on the mutuel handle in 1987 this would result in annual contributions to the fund of approximately $4.6 million. The revenues which the Government receives from the pari-mutuel tax are generated by the racing industry. Our request to the Government involves a commitment to reinvest a portion of these revenues into facilities which are the essential infrastructure of the industry.

We believe there are opportunities to increase the mutuel handle. Inviting the standardbred association to transfer some of its racing dates to Exhibition Park is one possibility. The introduction of teletheatre wagering is another. The impact of teletheatre wagering could be particularly significant judging from the experience in other racing jurisdictions. Its introduction would enable racing to do what other major sports have been doing for years, taking the sport to the fans.

Our recommendations reflect what in our judgment is a responsible and realistic course of action which will carry the horse racing industry into the future. The industry has a long tradition in this province. We believe that notwithstanding its current difficulties, the industry has a tremendous potential and that our recommendations if implemented will help it survive and pursue that potential.

INTRODUCTION

The Racing Industry Task Force was appointed by the Attorney General on February 2, 1988. Our terms of reference directed us to inquire into the need for new or improved horse racing facilities in the Lower Mainland area of the Province. More specifically, we were asked to identify the type of facility that would be appropriate for the current and projected requirements of the industry, to suggest a suitable location for such a facility, to examine the extent to which collateral but complementary uses might be accommodated at the facility and to consider alternatives for structuring ownership and management of the facility so as to enhance competition and ensure a high standard of performance from those who operated it. In addition, we were asked to invite proposals from those who might be interested in providing the facilities and to review the proposals with a view to identifying their relative merits.

We were given a deadline of July 1 for the submission of our report. We recognized the difficulties of this time schedule, particularly for those who had to prepare facility proposals. We organized our proceedings into two phases. During the first phase we discussed with the industry the issues referred to us, but only in general terms and without reference to any specific facility proposal. May 2 was the deadline for submission of the facility proposals and it marked the beginning of our second phase. We went back to the industry and this time to the general public as well and requested their views on the specific proposals that we received.

The response from the industry was excellent. The appointment of the task force preceded by two days a public meeting at Vancouver City Hall to discuss a proposal to extend the lease with the British Columbia Jockey Club for the facilities at Exhibition Park for a further term of twenty years from 1994. The number of people who turned out for that meeting and the intensity of the debate demonstrated clearly that at least on the thoroughbred side of the industry interest in the issues we were to examine had already been sufficiently aroused.

We received in excess of 150 letters and submissions from interested parties, and an even greater number of telephone calls. Most of the response was from people involved in the thoroughbred side of the industry, but there was excellent representation from the standardbred sector and from those interested in equestrian facilities and quarter horse racing.

In determining the scope of our mandate the task force did not regard itself as being restricted to merely commenting generally on the various issues raised by our terms of reference and selecting one of the facility proposals submitted to us. We interpreted our responsibility more broadly as being to define the best possible course of action for the Government to follow in supporting the industry's effort to improve its racing facilities, whether that involved recommending one of the proposals, some variation of one or more of the proposals, or something entirely different from all the proposals.

STATE OF THE INDUSTRY

Our meetings with the industry confirmed a widespread, almost universal concern about the future of horse racing in the Province, particularly thoroughbred racing. The consensus amongst those who work in the industry is that it is heading for disaster if nothing happens. Some attributed the problem to increased competition from other forms of gambling, particularly lotteries. Others blamed it on the intense competition for the entertainment dollar in the Vancouver market. They cited the experience of Expo 86 when there were dramatic declines in both attendance and wagering at Exhibition Park as an illustration that racing is vulnerable to such competition. Inadequate facilities was on almost everyone's list, and the problem at Exhibition Park was compounded by what was seen as a lack of leadership on the part of the Jockey Club combined with the general confusion surrounding the future of the P.N.E. lands.

The P.N.E. was said to look upon the race track as no more than a revenue source to support its other activities. The P.N.E. acknowledged the criticism and made no apologies. The Jockey Club responded to criticism that it was arrogant and insensitive to the plight of the industry by saying it was hamstrung by the uncertainty surrounding the future of the P.N.E. lands. It currently occupies the property at Exhibition Park under a lease which expires on December 31, 1993 and until a renewal is in place and issues involving the availability of additional lands are resolved it cannot undertake significant improvements to the existing facilities. Furthermore, in its opinion, the criticisms of management were unfair, particularly in view of the significant contribution made to racing by the Jockey Club over the past forty years.

On the standardbred side we found the relationship between the horseman and the track operator much better. Both sides agreed that the facilities at Cloverdale Raceway were inadequate and that to some extent the problem was the remoteness of the location. The growth of standardbred racing at Cloverdale has leveled off during the past few years and almost everyone agrees that the limitations imposed by the facility and the location are a significant factor restricting further development. There was also agreement that if only the thoroughbred facilities were improved the consequences could be serious for standardbred racing, particularly if it involved a new track located closer to Cloverdale.

The major priority of the standardbred sector was more racing dates in the Lower Mainland market. The thoroughbreds currently race from mid-April to mid-October at Exhibition Park and the standardbreds race from mid-October to mid-April at Cloverdale Raceway. There is no overlap in the racing dates. The standardbreds move to Sandown Park in Sidney during the summer months, but they claim that this race meet is totally uneconomic and wipes out any gains that they might have made after a successful meeting at Cloverdale.

The severity of the problems on the thoroughbred side of the industry is best illustrated by the following information showing the financial returns to the various industry participants.

Breeders: The cost of raising a thoroughbred to August of its yearling year is approximately $12,000 assuming a stud fee of $2,000, excluding the capital cost of the mare and making no allowance for years when the mare fails to conceive. The average selling price of the 157 yearlings sold at public auction in 1987 was $5,244. The number of foals registered in 1986 (yearlings of 1987) was 893. On the assumption that the yearlings sold at auction were representative of the entire crop, and taking into account breeders awards totalling $880,507 from the Horse Racing Improvement Fund, the aggregate loss to thoroughbred breeders just with respect to this one crop was in excess of $5.1 million.

Owners: The aggregate cost for maintaining horses in training for racing at Exhibition Park during 1987 was approximately $18.6 million. The total amount distributed in purses for the same year was $8.6 million, which includes payments from the Horse Racing Improvement

Fund. The net loss to owners in 1987, excluding capital costs, was $10 million.

Trainers and Jockeys: No similar statistics are available for trainers, jockeys and the others involved in the care and racing of thoroughbreds but our strong suspicion is that the numbers are equally depressing.

Pacific National Exhibition: In 1987 the P.N.E. collected revenue of $1.852 million from racing at Exhibition Park. This total was made up as follows:

1% of handle	$1,297,000
Stable rental	50,000
Concessions	135,000
Parking	370,000

B.C. Jockey Club: The Jockey Club is a private business and is not obliged to release financial information. We were informed by them that while they do make a profit it is nowhere near as great as most people in the industry assume.

Federal Government: The federal government's share of the pari-mutuel takeout is .8%. The total amount wagered at Exhibition Park in 1987 was $129,813,336. The amount paid to the federal government was just over $1 million.

Provincial Government: The provincial government's share of the pari-mutuel takeout in 1987 was 3.5% which amounted to just over $4.5 million.

These figures show that the economic relationships within the thoroughbred industry are seriously out of balance. They also explain a number of obvious trends in the industry. Many of the major owners have left Exhibition Park and are either out of the business altogether or run their horses in other jurisdictions. A number of breeders have become reluctant owners because they cannot sell their horses. Many trainers have become part owners of horses because their owners cannot afford to pay training expenses. The distortions resulting from the economic imbalance are everywhere and the migration from the industry has already begun.

TYPE OF FACILITY

At the press conference announcing the appointment of the task force the Attorney General described the objective as being a "world-class" racing facility. We

developed a working definition of world-class to mean the best possible racing facility that the Vancouver market will support, and one capable of adaptation and improvement so that it can accommodate the changing needs of the industry and the expanding capacity of the market it serves. It is true as some were quick to point out that we cannot create world-class racing simply by building a world-class facility, and we acknowledge that we must be careful not to overreach the industry's potential in determining its facility needs. The current situation, however, takes us closer to the other extreme, where both thoroughbred and standardbred racing are restricted from developing to their potential by the lack of adequate facilities. Our working definition was intended to take us to the middle ground.

(a) Dual Purpose Facility

Given the current economic conditions within the industry, the fact that there are problems with both the thoroughbred and standardbred facilities and the enormous cost of building a race track, there are strong arguments that any new track if built immediately would have to be a combined thoroughbred-standardbred facility. The cost would be somewhere between $60 million and $100 million and allowing the new facility to remain idle during any significant time periods during the year would make it very difficult to demonstrate its economic viability. Maximum utilization or an inordinate amount of government support would seem to be necessary to make it practical to proceed with such an undertaking.

There are, on the other hand, a number of obvious problems inherent in a combined thoroughbred-standardbred facility. Would there be a single running surface shared by both thoroughbreds and standardbreds? If there was the thoroughbred sector would insist that the track be at least one mile in circumference while the standardbred sector would argue that a one mile track for their type of racing would seriously detract from the excitement of their sport which is better run on a 5/8th mile track. A single running surface would also cause concern, particularly amongst the thoroughbred horsemen, about the type of surface the horses would be running on. Thoroughbred racing requires an entirely different surface than standardbred racing, and the challenge of converting the surface twice a year and satisfying both groups of horsemen may prove to be impossible. The sensitivity of horsemen about the surface their horses run on was illustrated during the 1987 season at Exhibition Park when criticism of the track grew

particularly intense and two race cards had to be cancelled.

A separate running track for thoroughbreds and another for standardbreds would seem to be the favoured solution, but it becomes complicated when the implications are closely considered. The standardbred track would need to be built inside the thoroughbred track since the standardbred people prefer a smaller circumference. If there were only two running tracks this would not present a major problem, but what about a turf track which is a feature that most of the thoroughbred sector desperately wants? This would also have to be built inside the main thoroughbred track, and the result would be a standardbred track inside the main track and the turf track, three removed from the spectators in the grandstand-clubhouse. Would a matrix board and television monitors be effective in bringing the action closer to the crowd? Not in our opinion. A major part of the excitement at Cloverdale is the proximity of the horses to the fans and this would be lost at a new facility if the standardbred track was built inside two thoroughbred tracks.

A combined facility would make it difficult to extend the racing season for either breed. This is a major priority of the standardbreds and will become one for the thoroughbreds if their sector of the industry recovers and begins to expand. In theory it is possible to have overlapping dates at a combined facility with separate running tracks, but in the current circumstances it would not work. The market is too thin already to be stretched any further. Overlapping dates at separate locations would be enough of a challenge.

There are other problems as well with a combined facility, such as separate requirements for stabling and the need for training facilities away from the track for both breeds. The compromises and duplication involved in a combined facility eat away at the economic advantage of increased utilization.

The two sectors of the industry compete with each other, and although there have been recent hopeful signs of a willingness to cooperate on the issue of facilities there are still fears and suspicions on both sides. Some in the standardbred sector are afraid of domination by the thoroughbred sector. Some in the thoroughbred sector are concerned about the loss of their current competitive advantage. Bringing the two sides together in a combined facility would be a delicate operation.

Most of these problems could be overcome and if we were to proceed with a new facility immediately we would prefer the compatibility problems of a combined facility over the economic problems of a single purpose facility. Ideally, however, there should be separate race tracks for the two sectors of the industry and we would recommend a combined facility only if there was no satisfactory alternative. We believe there is an alternative, at least in the longer term, and we will come to it in our recommendations.

(b) Running Track

A major issue amongst the thoroughbred sector was the need to enlarge the race track from its current 5/8th miles to a track with a circumference of at least one mile. The geometry of a race track involves both the overall circumference of the track and the tightness of the turns. The general view is that for thoroughbred racing a one mile main track is necessary for safe, formful, high quality racing. It is almost inconceivable that a new facility would be built without a main track of at least one mile with gentle sweeping turns. A smaller track, particularly one with tight turns, is in the view of most people harder on horses and less entertaining to the spectators. It is our opinion that if a new facility is to be built that it include a one mile main track, preferably with an all-weather surface, for thoroughbred racing.

The standardbred track at Cloverdale is a half mile in circumference. The trend in standardbred racing is to a longer track. A 5/8th mile track is currently the norm, but there are a few instances of one mile tracks. If the decision was to proceed immediately with the building of a new combined race track then we would recommend a single convertible mile track for both thoroughbred and standardbred racing. This arrangement works successfully at the Meadowlands in New Jersey. Neither sector of the industry would be particularly happy but in our view it is preferable to abandoning the idea of a turf course or to relegating the standardbreds to a racing surface three removed from the spectators.

A turf course for thoroughbred racing is a priority of many of the people we heard from. All thoroughbred racing in Europe is on a grass surface and turf racing is becoming increasingly popular in North America. Most of the major tracks in North America feature a grass course as well as a main dirt track on which most of the racing is done. Some people felt that given the amount of

rainfall in Vancouver a turf course would be of limited use and the addition of a separate all-weather track to the main dirt course would be a more practical option.

We discussed the issue with two track operators from other racing jurisdictions, Ken Alhadeff of Longacres Race Course in Seattle, and Jack Kenny of the Ontario Jockey Club. Mr. Alhadeff was of the view that it made little economic sense to build a turf course. Mr. Kenny, while acknowledging that no direct economic return could be traced to a turf course, stated that it was an important part of the overall offering designed to attract patrons, that it provided some variety to the entertainment package and that it may attract horses and races that might not otherwise come to your track.

The technology involved in building race track surfaces has improved dramatically in recent years and the practicality of a turf course may change over time. A climatology study which accompanied one of the facility proposals found that the precipitation in Vancouver during the April to September period (the Vancouver racing season) is less than it was at San Francisco during the September to February period (the San Francisco racing season). There are two race tracks in the San Francisco area, Bay Meadows and Golden Gate Fields, and both have turf courses which are well utilized. If a new race track is to be built it is our view that it should include a 7/8th mile turf course inside the main track and it have an interior chute to allow for turf races of up to 1 1/8th miles.

(c) Stable Area

One of the worst features of the current facility at Exhibition Park is the stable area. The congestion, the condition of some of the barns, the noise and traffic, particularly during the annual fair, combine to make the living conditions for horses and the people who care for them very difficult. Some trainers now ship their horses to training centers or farms and bring them to the track for specific racing engagements.

It is probably too much to expect a backstretch comparable to Woodbine which is one of the finest in the world, but any new facility should include a backstretch that is less congested, safe for people and horses, with stabling for approximately 1,500 horses and some dormitory housing to accommodate those that tend for them. We are not looking for something idyllic. Just facilities that satisfy the basic requisites of space,

safety and decent accommodation for the only full-time residents of the race track.

(d) Patron Facilities

The patron facilities at Exhibition Park are reasonably adequate. The more serious problems involve the running track and the stable area. The opposite is true of Cloverdale Raceway. We heard few complaints concerning the stables or the running track, but many about the patron facilities being too small and disorganized. The clubhouse and grandstand are separate structures. The internal layout of the grandstand, particularly the levels, is confusing. The track operator at Cloverdale occupies the facility under a lease and faces some of the same problems as the Jockey Club in developing a rational long-term plan for capital improvements. The standardbred sector is convinced that they have growth potential and their opportunity is being compromised in part by inadequate facilities.

Later in our report we include a discussion about teletheatre wagering. The subject was not specifically part of our terms of reference but we considered it relevant to our inquiry, not only because of its importance to the future of racing, but in its potential effect on the type of patron facilities we will require. The success of the concept in other jurisdictions and the likelihood of its introduction in British Columbia lead us to believe that a huge grandstand-clubhouse is a thing of the past. More and more people will be able to participate in the sport without actually coming to the race track. The challenge of the future will be to offer more to the patrons who come to keep them coming, rather than building up capacity to accommodate large crowds.

LOCATION

The task force did not have an opportunity to embark on an independent search for a suitable location for a new race track. We reviewed the current location on the P.N.E. grounds and the sites identified by those who submitted facility proposals. Our detailed analysis of these sites will be part of our review of the facility proposals, and there we will get into such issues as demographics, access, climatology, geotechnical data, etc. At this point we merely want to summarize our impressions as to the attitudes within the industry towards the current location and the general expectations with respect to a new location.

The criticism of the location of Exhibition Park was based primarily on the size of the site and the severe limitations that it imposes in terms of the facility that it can accommodate. The Jockey Club currently leases 44 acres of land from the P.N.E. which includes the grandstand-clubhouse, the track itself, the stable area and related buildings. An additional 36 acres of the P.N.E. grounds are used for parking of up to 7,472 vehicles. The P.N.E. conducts the parking operation and retains the revenues which it generates. The parking is shared with the other attractions on the P.N.E. grounds and there is occasional conflict, particularly during the term of the annual fair.

Several studies have already been done in connection with the future use of the P.N.E. lands. The City of Vancouver owns the land and its lease with the P.N.E. expires in 1994. It is our understanding that the City does not intend to renew the lease with the P.N.E., although no final decision has as yet been made. In anticipation of assuming direct control over the property, the City has recently initiated a process involving an economic study, a planning report and public hearings, a process which will hopefully lead to a long-term plan governing the future use of the property by early 1989.

The task force met with the City in an attempt to integrate our efforts with their process insofar as they both related to the future of Exhibition Park. We were advised that for the purposes of evaluating the location we could assume the availability of additional lands to the South and East of the current facility to the extent that it was necessary to develop a rational proposal for a first class race track. The City confirmed that it was anxious to keep the race track where it was and that it had agreed in principle to negotiate a new twenty year lease with the Jockey Club on the same basic terms as the current lease between the P.N.E. and the Jockey Club. Our understanding is that these negotiations were put on hold after the February 4 public meeting when the industry voiced its opposition, and that the matter is currently in limbo awaiting the outcome of the process which the City recently initiated.

Those who argued against the P.N.E. location said that even if we assume the availability of all the land except the Pacific Coliseum and the Agrodome there was still insufficient area to accommodate a first class thoroughbred facility. A survey of over 30 tracks across North America was produced to show that the average size

of their respective locations was just under 300 acres. The following are some of the comparables:

Louisiana Downs	150 acres
Turfway	365 acres
Ak-Sar-Ben	300 acres
Bay Meadows	220 acres
Longacres	204 acres
Woodbine	780 acres
Canterbury Downs	394 acres

The entire area of the P.N.E. grounds is approximately 172 acres, as shown in Appendix C. Of this total, 15 acres will be required for the proposed Cassiar Interchange, 16.4 acres is needed to accommodate the Pacific Coliseum and the Agrodome and 30.6 acres at the South-West corner of the site is currently occupied by a number of miscellaneous buildings including the Forum, the Food Building and the B.C. Pavilion. Assuming the City were to decide to demolish Empire Stadium and relocate Playland to another site to make additional land available for an expanded race track we would have a total of 110 acres to work with, and part of it would be required for parking for the attractions that would remain on the site.

The task force had hoped that the Jockey Club would submit a facility proposal which demonstrated the potential of the P.N.E. site. What we received instead was a preliminary proposal showing an extension of the race track over McGill Street to the North and an underground parking facility located in the infield. The most charitable description we heard of this proposal was that it represented a "radical solution" to the limitations of the site. The industry was virtually unanimous in rejecting it and the Jockey Club eventually withdrew it.

No further proposal was forthcoming from the Jockey Club, notwithstanding the urgings of the task force and the assurance that they could assume the availability of additional land to the South and East of the current facility. The difficulty with a major expansion of the running track to the South is that the grandstand-clubhouse, the least objectionable part of the current facility, would fall out of alignment and have to be replaced at a cost of approximately $20 million. This additional cost rather than any question as to the availability of land seemed to deter the Jockey Club from pursuing any alternative proposal.

The task force engaged an architect to determine for itself whether an expanded site on the P.N.E. grounds could accommodate a first class racing facility. A reduced copy of one of the plans which he produced is attached as Appendix D. It shows that an enlarged site of 110 acres can physically accommodate a one mile thoroughbred track, a 5/8th mile standardbred track, a grandstand-clubhouse with a seating capacity of 10,000 and stables for 1,400 horses. The plan could be varied to make the one mile track a convertible thoroughbred-standardbred track, and to substitute an interior turf course for the separate standardbred track.

Parking capacity in the proposed plan would be reduced from 7,472 to 3,800 vehicles and it would have to be stacked in two multi-storey, above-ground structures. One of the structures would be isolated in a relatively remote location and the stacking would likely lead to major track congestion and access problems. The cost of the parking facilities alone, even with the reduced capacity, would amount to approximately $22.8 million. Another significant problem with the proposed plan is that the crowding in the stable area would be only marginally improved and the benefits would be more than offset by the proximity of the new location to the noise and pollution from the busy intersection at Cassiar and Hastings Streets.

The cost of building a new race track on the P.N.E. grounds would be virtually the same as a new track at any other location. There would be no residual value to the current facility. In fact the cost of the parking structures would represent a substantial cost premium over an alternative location where surface parking could be accommodated. The only way this cost premium could be eliminated, and the parking capacity restored to approximately 7,500 vehicles, would be to add in the 30.6 acres at the South-West corner of the P.N.E. site and use it for surface parking. If this were a possibility the site might be capable of being stretched enough to accommodate something close to a first class racing facility, without having to resort to any radical or costly solutions.

We would still, however, be left with one additional site-related problem and that would be the length of the term of the lease with the City of Vancouver. A twenty year lease would not be adequate to allow for the amortization of the capital costs of the new race track.

Neither the availability of the lands at the South-West corner of the site nor the possibility of extending the term of the lease were even discussed during our meetings with the City. The task force met with representatives of the Hastings Park Restoration Society, and several residents from the Hastings-Sunrise area attended our public meetings. They vehemently oppose any significant expansion at Exhibition Park and would prefer to see the race track relocated elsewhere, out of their neighbourhood.

The location of Exhibition Park is excellent in many respects. Its proximity to downtown Vancouver is its major advantage, particularly to a growing number of patrons who just go out for a few races rather than the whole race card. The views of the harbour and the North Shore mountains are bound to impress all but native British Columbians who are conditioned to such beauty. The fact that it is an established location is another advantage. The marketing studies that were submitted with the facility proposals confirm that a substantial number of the current hard core fans live or work relatively close to Exhibition Park. A new location will, over time, develop its own localized fan base, and may well attract a substantial number of the current fans, but certainly not all of them and with less frequent visits, particularly during the week days if the new location is difficult to get to. The risk of losing even part of an already depleted fan base in a fragile industry is a scary thought. The location issue would be relatively easy to resolve in favour of the P.N.E. site, if only the site was larger.

The difficulty of finding a site large enough to accommodate a race track, yet readily accessible from the major population areas is obvious. In the unlikely event that 300 acres of level land were found in such a location it would be far too valuable to use as a race track. There are some lessons to learn here from the experience in Ontario. The property on which Woodbine Race Track was built was purchased in the early 1950s by E. P. Taylor, at a time when its location was so remote that it was referred to for many years as "Eddie's Folly". They do not use that expression anymore. It is now in one of the fastest growing areas of Metropolitan Toronto. Mr. Taylor had the vision to plan for the future well enough in advance. Greenwood, which is much closer to downtown Toronto, is still the "cash cow" of the Ontario circuit, but Woodbine stands alone as the premier racing facility in Canada, the only one that even comes close to that designation.

Rather than forcing a long-term solution on the P.N.E. site, one that the City of Vancouver may well reject, the answer might be to consider a less ambitious program of improvements for Exhibition Park, one that requires less land, and to secure an alternative location as part of a long-term plan. Exhibition Park could become our Greenwood and the new location could in time become the site of our Woodbine. We will return to this possibility in our recommendations.

RELATED OR COMPLEMENTARY USES

There was very little opposition to the idea of including related or complementary activities at the site of a new racing facility, provided it was separately managed and financed. The proviso was no doubt a reaction to the widespread concern about the P.N.E. using revenues from Exhibition Park to finance its other activities.

The most ambitious proposal we received included a combined sales-community theatre facility, an equestrian center, a demonstration farm, an education and research centre and a polo field. There is a current need for a sales facility. In fact, the C.T.H.S. has funds allocated for such a project and is likely to proceed when the race track issue is settled. The task force met with representatives of the B.C. Horse Council who confirmed a strong interest in building an equestrian centre comparable to what is now at Spruce Meadows in Alberta.

The advantage to combining these facilities at one location is more in terms of convenience and potential cooperation than any major cost savings in either building or operating the facilities. The challenge is in finding a parcel of land large enough to accommodate them all, and then coordinating the efforts of the different groups involved to get the facilities up and operating. The recent success of an event called "Horse Fair" at Belmont Park in New York is an indication of the potential advantage of bringing together horse-related activities.

OWNERSHIP - MANAGEMENT STRUCTURE

The associations which currently conduct thoroughbred and standardbred racing in the Lower Mainland Area were both somewhat distressed with this aspect of our inquiry. The Jockey Club interpreted it as a personal insult in that it suggested that they were not

performing to an acceptable standard. Orangeville Raceway's reaction was more one of concern about the potential consequences of such an inquiry as opposed to anger that it should be thought necessary. They were of the view that their organization had played a dominant role in establishing the standardbred industry in the Province and felt threatened by a task force inquiring into an area which might write them out of the industry's future.

The Jockey Club reminded us on more than one occasion that it had a lease for the current facility at Exhibition Park with the P.N.E. which did not expire until December 31, 1993, that it was in negotiations with the City of Vancouver for a new lease for a term of twenty years and that by virtue of section 9 of the Federal Government's Race Track Supervision Regulations it had a proprietary right to pari-mutuel dates and therefore enjoyed a de facto monopoly respecting the exclusive right to conduct thoroughbred racing anywhere within 50 miles of Exhibition Park. The allocation of racing dates and a permit to operate a pari-mutuel betting system within any particular area is a matter of both provincial and federal jurisdiction falling under the responsibility of the Provincial Attorney General and the Federal Minister of Agriculture. The Minister of Agriculture annually issues a permit granting pari-mutuel dates. The Attorney General grants a permit to conduct horse racing on approved dates.

Section 9 of Federal Race Track Supervision Regulations provides as follows:

> "Where:
>
> (a) two or more associations propose to conduct a race meeting on the same day within an area or circuit, or
>
> (b) an association establishes a new race course within 50 miles of an existing race course,
>
> the Director shall, with respect to racing dates, give priority to the association that conducted pari-mutuel betting on that day or days in the previous calendar year."

The provincial authority to regulate horse racing is administered under the Horse Racing Act and its regulations. The British Columbia Racing Commission is given the power by section 5 of the Act to "govern,

direct, control and regulate horse racing in the Province".

If we were to accept the Jockey Club's interpretation of the federal regulation, one that is supported incidentally by Orangeville Raceways and by other racing associations across Canada, and acknowledge its claim to a proprietary right to pari-mutuel dates then obviously there would be very little left to the provincial jurisdiction and indeed, no point whatsoever to our inquiry. We do not agree with this position as it is simply inconceivable to us that the federal government would exercise legislative jurisdiction (if indeed it is theirs to exercise) to preserve a monopoly, particularly where such a monopoly might pose a threat to the vital interests of an important industry. There may be other reasons for involving the Jockey Club in the future of thoroughbred racing in the Province, but it should not be simply a matter of right based on a regulation under a federal statute.

The issue in this part of our inquiry really boiled down to this: would the interests of the industry as a whole be better served by placing ownership and/or management of the facilities under the control of a private operator or a non-profit society?

Horse racing as an industry is exposed to external competition, but within the industry the race track operator, both thoroughbred and standardbred, enjoys a virtual monopoly with respect to his relationships with the other industry participants. The external competition includes that which exists between thoroughbred and standardbred racing although this is limited due to the fact that there is no overlapping in their respective racing dates. The thoroughbreds currently enjoy the Spring-Summer dates at Exhibition Park and the standardbreds run at Cloverdale Raceway during the Fall and Winter. There is some competition between Exhibition Park and Longacres Race Course in Seattle and it will likely intensify and spread to standardbred racing at Cloverdale now that Longacres has opened a year-round teletheatre facility in Bellingham. Finally, there is the competition that we have heard so much about with other forms of gambling and leisure activities, both of which have expanded significantly in recent years.

Within the industry the name of the game is competition, until you get to the race track operator. Breeders compete with other breeders for prospective

buyers, owners compete with other owners for purses, trainers compete with other trainers for owners, horses and purses, jockeys compete with other jockeys for winning mounts, but in the Vancouver market there is only one thoroughbred and standardbred track operator. For those who are mobile enough to consider other racing jurisdictions there is Alberta, Washington and California, and indeed, a few have already left. The vast majority, however, are locked in place and neither the H.B.P.A., the C.T.H.S., the Jockey's Guild, or any other organization is going to counter the dominance of the track operator.

For the most part the Jockey Club has served the industry well during the 27 years that it has controlled thoroughbred racing facilities in the Lower Mainland. More recently, however, the fortunes of thoroughbred racing have taken a turn for the worse. The slide has continued for the past five years with no end yet in sight. The industry is at a particularly critical juncture and decisions of major significance must be made. There was a considerable amount of criticism directed at the track operator. It was at the root of the industry's reaction to the lease extension proposal, and it showed as well in most of the submissions we received.

The problem in our view, however, is more fundamental than the recent performance of the track operator. The position of dominance enjoyed by the track operator and the dependency of the rest of the industry is part of a fundamental structural problem which no solution aimed just at facilities is going to resolve. The industry has too little control over its own future. The important decisions are made by the track operator, the P.N.E. and the City of Vancouver, not the breeders, owners, trainers, jockeys and the rest of the ten thousand individuals who make up the industry. It is the track operator who decides when the racing surface needs maintenance and when the barns need repairs. It was the P.N.E. that decided in 1984 that $3 was the appropriate parking charge, notwithstanding that it was higher than at any other race track in North America and that it had a drastic impact on attendance at Exhibition Park. It will be the City of Vancouver that will decide whether the lease for Exhibition Park will be extended beyond 1993, notwithstanding that a forced relocation might threaten the survival of the industry.

In our judgment the industry has to work itself out of some of these dependencies. It cannot happen quickly,

but no long-term solution can be effective unless more control is given to those with the greatest commitment to the industry. Private interests and external factors should not be allowed to continue to distort the future direction of the industry.

A substantial majority of the submissions we received favoured the creation of a non-profit society to own and operate the racing facilities, and one of the facility proposals was sponsored by a non-profit society representing an industry-based group of individuals. Placing ownership of the facilities in the hands of a non-profit society and day-to-day management under the control of a professional management team engaged for that purpose will not eliminate disagreements between the track operator and the other industry participants. Nor is the major benefit of this form of structuring financial in nature, although it is a positive feature that the profits of the race track operation would be reinvested back into the industry. The primary attraction in our judgment is that when critical decisions that have industry-wide implications are made, the interests of the industry are more likely to prevail over the narrower interests of the track operator if they are made collectively by the directors of a non-profit society representing the various segments of the industry and others having an interest in the future of racing.

It is interesting to observe that all the facility proposals which were submitted to us could not proceed without a prior assurance of exclusive pari-mutuel and racing dates. The reason is obvious and acknowledged in one of the proposals. It would be impossible for any group to attract the investment capital necessary to construct a new racing facility without it enjoying the certainty that it will have racing dates and the permit to operate a pari-mutuel betting system allocated to it annually as required. The issue is not monopoly versus free enterprise but rather, a monopoly controlled by a private operator or one controlled by a non-profit society.

The facility proposals also have another feature in common. They all require financial support from the government through a redirection of the pari-mutuel tax. The case for government support to a non-profit society would likely enjoy some advantage over one where the recipient was a private operator.

FACILITY PROPOSALS

The task force placed advertisements in the national edition of the Globe and Mail and in the Vancouver Sun on February 13 inviting the submission of proposals for improved and/or new horse racing facilities. In addition, the appointment of the task force and the terms of our mandate received fairly wide media coverage in the Lower Mainland. We wrote to the B.C. Jockey Club, Pacific Coast Turf Ltd. and Cattle Land Resources Corp., specifically inviting them to submit proposals since they had previously indicated an interest in doing so. We met with each of them individually to hear their views on the issues raised by our terms of reference and to answer any questions they had about our procedures and our expectations with respect to the content of the facility proposals. We also met with the P.N.E. and the United Thoroughbred Racing Foundation when they later indicated that they each intended to make a facility proposal.

We ultimately received six proposals by the deadline for submission:

- Cattle Land Resources Corp. ("Cattle Land") for a new facility at the Colony Farm location in Port Coquitlam at the North end of the Port Mann Bridge;

- United Thoroughbred Racing Foundation of B.C. ("U.T.R.F.") for a new facility also at Colony Farm;

- Pacific Coast Turf Ltd. ("Pacific Coast") for a new facility in Richmond on the Westminster Highway between No. 8 Road and No. 9 Road;

- Alaskagold Mines Ltd. for a new facility in Delta on Highway 10, between 84th Street and 92nd Street, to the East of the Boundary Bay Airport;

- British Columbia Jockey Club for improvements to the existing facility at Exhibition Park on the P.N.E. grounds in Vancouver;

- Pacific National Exhibition for improvements almost identical to those proposed by the Jockey Club for Exhibition Park.

The Jockey Club withdrew their proposal on May 12 and sent the task force a letter dated May 16 confirming that decision. The letter cited "uncertainties", particularly those relating to the future of the P.N.E. lands, as making it impossible to develop plans for the

future beyond the conceptual proposals which it had previously discussed with the task force. The P.N.E. wrote to us on the same date as the Jockey Club. They declined our invitation to appear at two public meetings where the facility proposals were to be presented and discussed. Their explanation was the uncertainty of the future role of the P.N.E. in managing Hastings Park after the expiry of the headlease with the City of Vancouver in 1994.

We were left with four proposals and this number was reduced to three when we were advised on May 24 that Alaskagold Mines Ltd. had merged with Pacific Coast which now offered the location in Delta as a secondary site in their proposal. All three of the final proposals were extremely well-prepared and well-presented, to the task force, to both sectors of the industry, and to the general public. The table on the following pages contains a description of some of the basic elements of each proposal. We propose to analyze the main features of the proposals on a comparative basis.

COMPARISON OF FACILITY PROPOSALS

	Cattle Land	U.T.R.F.	Pacific Coast
Projected Cost:	$101,000,000	$60,500,000	$85,000,000
Financing:			
Debt	$40,000,000	$60,500,000	$65,000,000
Equity	$61,000,000		$20,000,000
Location:	Colony Farm	Colony Farm	Richmond/Delta
Size:	333 acres	333 acres	250+ acres
Running Tracks:			
Main	1 1/8 miles (thoroughbred & quarter horse) and 1 mile (standardbred)	1 mile	1 mile
Turf	7/8th mile	7/8th mile	7/8th mile

	Cattle Land	U.T.R.F.	Pacific Coast
Training	6/8th mile (thoroughbred) 6/8th mile (standardbred)	6/8th mile	5/8th mile
Grandstand-Clubhouse:			
Seating Capacity	13,400	8,800	11,000
Parking:	Not indicated	3,500 + 6,000 overflow	5,000
Stables:			
Thoroughbred	1,440	1,500	1,500
Standardbred	1,440		

First Year Financial Projections:

Days:			
Thoroughbred	**140**	**140**	**135**
Standardbred	**120**		
Attendance:			
Thoroughbred	**10,500**	**8,664**	**7,384**
Standardbred	**6,000**		
Per Capita Wagering:			
Thoroughbred	**$140**	**$129**	**$167**
Standardbred	**$140**		

Provincial Government Assistance:

Cattle Land: .5% currently allocated for research and development for five years and 2% of the Provincial takeout on mutuel handle in excess of $200 million per year for 5 years.

U.T.R.F.: 2.5% of Provincial takeout effective immediately and continuing until debt retirement expected in 1995, and government guarantee of debt.

Pacific Coast: 2% of Provincial take-out from commencement of operations until debt retirement, anticipated in 20 years.

(a) Location and Other Site Characteristics

(i) Transportation: According to a report prepared for Pacific Coast by N.D. Lea Consultants Ltd. the population distributions within a 20 mile radius of each site (representing a driving time in the order of 40 minutes assuming the trip is not entirely in the peak direction in the afternoon rush period) are as follows:

Colony Farm	1,364,700
Delta Site	1,283,000
Richmond Site	1,334,700

The same report indicates that all three sites would benefit from a shift in the race start time from 6:15 p.m. to 6:45 or 7:00 p.m. in the case of Colony Farm and Delta and to 6:30 or 6:45 p.m. in the case of Richmond. The report states that there is currently very limited transit service to all three sites. No comparisons are made with Exhibition Park.

(ii) Demographics: A marketing study prepared for U.T.R.F. by Thomas Consultants Inc. states that although the majority of the population is presently located in the western portions of the Lower Mainland, the vast majority of the growth has been taking place in the eastern communities for more than the last ten years. The shift in population is projected to become even more prevalent over the next ten years and would favour the Colony Farm location (Appendix E).

(iii) Climatology: A report prepared for Pacific Coast by Pacific Meteorology Inc. investigated the climatology of all three proposed sites and Exhibition Park and concluded that the main difference in climatology was in precipitation. The precipitation at each location as shown in the report is as follows:

Annual:

Delta	979 mm (38 in.)
Richmond	1,250 mm (49 in.)
Exhibition Park	1,750 mm (69 in.)
Colony Farm	1,800 mm (71 in.)

May to September:

Delta	228 mm (9 in.)
Richmond	254 mm (10 in.)
Exhibition Park	356 mm (14 in.)
Colony Farm	356 mm (14 in.)

(iv) Fog: We heard concern expressed several times about a possible problem with fog at the Colony Farm site. The Cattle Land proposal states that the incidence of fog has abated significantly in recent years due primarily to the reduction in the number of beehive burners along the Fraser River and increased urbanization. They acknowledge that morning fog may create some problems, but only at certain times of the year (mid-November to mid-December and during February), and evening fog appears less of a problem than at Cloverdale where fog has affected the racing schedule on an average of only five times a season over the past eight years. We have some residual concerns in this area, particularly if there is to be year-round racing at Colony Farm. You cannot measure the difficulties posed by fog simply by counting the number of racing days that are lost. The experience at Cloverdale suggests that even though relatively few days are lost as a result of fog there is a significant drop-off in attendance when there is any trace of fog and a possibility of a cancellation.

(v) Geotechnical Conditions: The Pacific Coast and U.T.R.F. proposals both contain reports from geotechnical engineers. The soil conditions at Colony Farm appear to be less favourable than the Richmond and Delta sites. The land is below the two hundred year flood plain level which would necessitate some upgrading and maintenance of the existing dykes and raising the elevation of the major buildings. Heavier structures would also likely have to be supported on piles while lighter structures could be supported on conventional footings. All the building areas, including the racing surface would have to be preloaded to reduce post-construction settlement. Preloading would also be required at the Richmond site. The heavier structures on the Delta site will likely require either preloading or the use of piling. There was no geotechnical information available for the P.N.E. site.

(vi) Municipal and Agricultural Land Commission Approvals: There appears to be support from the Municipalities of Delta and Port Coquitlam and opposition from the Municipality of Richmond for the proposals within their respective boundaries. The task force met with the Agricultural Land Commission and requested its assistance in evaluating the proposed sites, all of which are in the Agricultural Land Reserve. The Commission indicated that its final decision would be made on the basis of the specific application which it received. Soil quality and the impact on surrounding farm lands

would be two areas of major concern. All three sites are ranked high in terms of their soil quality. The Colony Farm location, being a relatively isolated pocket of agricultural land surrounded by non-agricultural uses, would have the least negative impact on surrounding farm lands. The Commission made it clear that its evaluation of the alternative sites should not be construed as implying that it would approve an application permitting the proposed use of the lands. The task force has serious doubts as to whether approvals could be obtained for either the Richmond or Delta sites, and some concerns even with respect to Colony Farm.

(vi) Cost: The Colony Farm site is owned by the Provincial Government and managed by B.C. Buildings Corporation. The total site area is 592 acres divided by the Coquitlam River into the 333 acre Wilson Farm on the Port Coquitlam side (the proposed site of the race track) and the 259 acre Home Farm on the Coquitlam side (the proposed site of certain complementary facilities). Neither U.T.R.F. nor Cattle Land have, to our knowledge, any legal or other interest in the site other than an expectancy that it can be purchased. The U.T.R.F. proposal includes a cost for the entire 592 acres of $1.2 million. The Cattle Land proposal shows no separate land cost. Pacific Coast has options for both the Richmond and Delta sites. The land cost for the Richmond site is shown as $12 million. No revision was made to Pacific Coast's budget after the addition of the Delta site, so presumably it is also included at $12 million.

(b) Financial Projections

The proposal from Pacific Coast included a feasibility study prepared by Killingsworth and Associates Inc. of Cambridge, Massachusetts. The firm is generally recognized as the foremost consultants in North America on race track economics, management and operations, although their reputation lost some of its lustre recently when their projections for attendance and handle at both Canterbury Downs and Birmingham Race Course proved to be well off the mark. The study, although part of the Pacific Coast proposal, was not specific to the Richmond or Delta locations. It analyzed the potential of the Greater Vancouver market and concluded that a new track was feasible given a 2% reduction in the Provincial pari-mutuel tax. We have some difficulties with the analysis and assumptions on which this conclusion is based.

In the first section of the report the attendance and wagering statistics for Exhibition Park over the past ten years (Appendix F) are reviewed and two conclusions are drawn. First, the attendance numbers in the late 1970s and early 1980s show that the Vancouver market can support an average daily attendance of over 9,000. Second, a new facility and the increased marketing effort of a new management team should more fully realize the potential of the established fan base so as to halt the declining attendance and regain prior levels. In analyzing the statistics no mention is made about the growth of lotteries and casinos, the dramatic fluctuations in the economy, the introduction of telephone account betting, the sweep six phenomenon, the growth of standardbred racing, the changes in consumer lifestyles and attitudes and the increase in the P.N.E. parking charges. Did these factors have no affect on the Exhibition Park statistics? To us the analysis appears very superficial and we are left wondering about the conclusions.

The study states that attendance for a new facility would come from the Vancouver metropolitan area and that attendance gains would arise from increasing the market penetration rather than substantial expansion of the drawing area. Killingsworth indicates that Exhibition Park's market penetration attendance ratio, determined after lumping together thoroughbreds at Exhibition Park and standardbreds at Cloverdale, is below average. The study then adjusts the ratio to the average, factors out the standardbreds based on their current performance level, and arrives at a projected average attendance of 7,384 for a 134 day thoroughbred meet. By raising the ratio to 10% over the average, presumably to reflect the impact on attendance of a new facility and a better marketing effort, the projected average attendance increases to 8,804.

In determining the average market penetration attendance ratio Killingsworth used figures from five other "comparable" markets, including Louisiana Downs in Shreveport, Louisiana, which had by far the highest penetration ratio, and Ak-Sar-Ben in Omaha, Nebraska, which had the second highest penetration ratio. In the marketing study prepared by Thomas Consultants Inc. included in the U.T.R.F. proposal, both of these markets are discounted, Louisiana Downs because of distortions due to its proximity to Dallas, Texas where until recently pari-mutuel wagering was illegal, and Ak-Sar-Ben where the figures are indicative of a unique strong rural state market area. Exhibition Park's penetration rate in

the Thomas study is shown to be extremely high, exceeding Woodbine, Longacres, Bay Meadows, Canterbury Downs and Turfway Park. Conclusions as to market penetration, it seems, depends largely on your choice of "comparable" markets.

The most consistent concern we heard expressed about the proposals for a race track at a new location was the relative inaccessibility of the proposed locations compared to Exhibition Park. There was a fear that this might lead to a partial loss of the core group of fans that were so important to the survival of the industry. There is no reference whatsoever in the Killingsworth study to the relative inconvenience of an alternative location and its potential impact on attendance. Furthermore, the increased number of racing days being projected could negatively impact average attendance, both because of market saturation and the fact that the extra days will of necessity be scheduled in the poorer weather during early Spring and late Fall.

In addition to attendance the other determinant of total wagering is the per capita wager. In developing their financial projections Killingsworth assumes an annual growth in the per capita wager from $149.46 in 1987 to $167.00 for 1991 based on an annual growth rate of slightly less than 3%. The growth rate for the 1980 to 1987 period was slightly more than 3% annually and this is cited in support of the projection. In the 1980 to 1987 period, however, daily average attendance declined and the experience of other jurisdictions, indeed other Killingsworth studies, indicates that when this occurs the per capita wager usually goes up as your fan base is reduced to a solid core of seasoned bettors. Conversely, when your attendance increases, as Killingsworth is predicting for the projection period, the per capita wager goes down as less experienced fans are attracted and begin the process of maturing into serious bettors. In our opinion, it is unrealistic to expect the upward trend in per capita wagering established over a period of declining attendance to continue during a period of increasing attendance.

The Pacific Coast proposal described the Killingsworth feasibility study as the single most important element in their submission. Indeed, it is important to all the proposals since its conclusions are basic to the economic viability of a new facility. Unfortunately, we are left with many questions and doubts about the projections contained in the study.

COMPARISON OF ATTENDANCE AND PER CAPITA WAGERING PROJECTIONS

	Cattle Land	U.T.R.F.	Pacific Coast	Exhibition Park (1987)
Average Daily Attend-ance:	10,500	8,664	7,384	7,005
Per Capita Wagering:	$140	$129	$167	$149

U.T.R.F. appears closest to being realistic about initial per capita wagering, but its projected average attendance appears too high. Pacific Coast, on the other hand, seems more reasonable in projecting attendance, but seems too high on per capital wagering. Cattle Land appears much too optimistic on both projected attendance, and per capita wagering. The Cattle Land projections also include figures for standardbred racing. The projected average daily handle of $840,000 for 120 racing days based on an average daily attendance of 6,000 and per capita wagering of $140 seems unrealistic in view of the results of the recently concluded Cloverdale meet where average daily handle was $456,701 for 113 racing days based on an average daily attendance of 2,942 and per capita wagering of $155. We acknowledge that there is a potential for growth in the standardbred sector but these projections, in our view, overstate it.

COMPARISON OF FINANCIAL PROJECTIONS-FIRST YEAR OF NEW FACILITY

	Cattle Land	U.T.R.F.	Pacific Coast
Gross Handle			
Thoroughbreds	$205,800,000	$139,978,888	$166,472,280
Standardbreds	100,800,000	----------	----------
	$306,600,000	$139,978,888	$166,472,280
Track Percentage (incl. breakage and based on indicated levels of government assistance)	22,597,500	8,328,744	9,805,000
Other Revenues			
Admissions	9,120,000	2,812,895	3,539,000
Parking	1,642,000	699,678	498,000
Concessions (net)	2,190,000	3,947,240	1,794,000
Programs	767,000	568,624	349,000
Other	----------	161,000	135,000
Total Other Revenues	13,719,000	8,189,437	6,315,000
Total Revenues	36,316,600	16,518,181	16,120,000
Total Operating Expenses	19,639,800	10,529,802	12,032,000
Net Income Before Depreciation, Interest and Income Taxes	16,676,800	5,988,379	4,088,000

All three financial projections are very sensitive to shortfalls in initial attendance and per capita wagering. If average attendance and wagering do not reach projected levels, not only would gross handle suffer, but there would likely be shortfalls in all the other categories of revenue since they are related to attendance. We have no serious quarrel with projected operating expenses for the three proposals. While in most categories they are only estimates, there is less risk that a miscalculation on the expenditure side will have such a profound effect on the overall financial projections as would any shortfalls in attendance and wagering.

(c) Capital Costs

Each proposal itemized its capital expenditures differently and for the purposes of preparing the summary which follows we have grouped together individual items. While this facilitates some comparisons, the groupings are not perfect and some of the figures may remain slightly distorted.

COMPARISON OF PROJECTED CAPITAL COSTS

	Cattle Land	U.T.R.F.	Pacific Coast
Grandstand-Clubhouse	$ 42,500,000	$18,450,000	$30,000,000
Excavation: Site Development and Lighting	22,285,000	25,910,000	12,500,000
Running and Training Tracks	7,140,000	2,210,000	6,000,000
Stables	15,965,000	8,000,000	13,000,000
Land	----------	1,200,000	12,500,000
Bridges	2,100,000	1,300,000	----------
Pari-Mutuel System	5,500,000	----------	----------
Contingency	---------	----------	6,000,000
Sales Theatre	5,667,000	----------	----------
Other	---------	3,430,000	5,000,000
	$101,157,000	$60,500,000	$85,000,000

The Cattle Land figures are for a dual purpose facility to accommodate thoroughbred and standardbred racing, whereas the other two proposals are for a thoroughbred facility only. The Cattle Land estimate also includes a sales theatre which the other two do not. Pacific Coast and U.T.R.F. both intend to rent their pari-mutuel equipment while Cattle Land intends to purchase it. The land cost in the Cattle Land estimate is built into the other cost categories and is not separately shown. With these adjustments, the bottom line figures are not as far apart as they first appear.

The grandstand-clubhouse costs seem to reflect the different seating capacities. The site development costs appear to confirm the difficulties with the site conditions at the Colony Farm location. This presumably is balanced off to some extent by the different costs shown for land. We have some concerns about the figure shown for the running tracks in the U.T.R.F. proposal and the stables figure in both the Cattle Land and U.T.R.F. proposals. We did not have the time or the budget to engage an independent quantity surveyor, but we are reasonably comfortable with the Pacific Coast figures. A first class racing facility, including land and initial working capital, could be built for approximately $85 million. We would only add a modest premium for a dual-purpose facility and discard notions of separate stables and training tracks as we regard them as unnecessary extravagances.

(d) Ownership - Management Structure

The three proposals each offered a different mix of ownership-management structures. Cattle Land intends to undertake the project through Colony Farm Holdings Ltd., a publicly traded company to be listed on the Vancouver and Toronto Stock Exchanges. Standardbred racing at the new facility is to be conducted by Orangeville Raceway Ltd. under a lease arrangement and thoroughbred racing is to be managed by Ladbroke Racing Corporation pursuant to a management contract. Neither the lease nor the management arrangements had been discussed beyond a very preliminary stage.

The U.T.R.F. proposal involved a non-profit society owning the facility, with management to be through a board of directors elected by the members of the society and assisted by a professional management team. Over eighty people involved in owning, breeding and training horses were included in the list of founding members identified in the U.T.R.F. proposal.

Pacific Coast is a private company with commitments from a small group of investors to provide the required equity financing to undertake the project. There is a commitment to offer public equity participation of up to 25% of issued capital after the race track begins operations. Overall management of the facility is to be through a subsidiary operating company with assistance from a board of advisors and a team of professional managers. Standardbred racing is to be managed by Orangeville Raceway Ltd. pursuant to a lease and

possible equity participation, although again, only preliminary discussions have taken place.

There was a good deal of support in the submissions we received for a structure involving a non-profit organization. The 80 founding members of U.T.R.F. were assembled in one month and each contributed $2,000 towards the cost of preparing their facility proposal, which was done within seven weeks to meet our submission deadline. We were impressed with the enthusiasm and commitment of the group, but we do have some reservations about their organizational structure. The idea of an open-ended membership electing a board of directors annually sounds fine in theory. The different sub-groups within the membership are currently united over the facilities issue, but it has not always been so. Indeed, it has rarely been so. We worry about the factionalism that may develop when the interests of the sub-groups come into conflict. We also worry about the absence of representation from those who are merely racing fans. They may have a different view, for example, on the number of restricted stakes races than the breeders. We would prefer to see all interests represented without domination by any one. We will say more about our preferences in the recommendations.

(e) Financing

No certified cheques accompanied the proposals, just the repeated assurances of the proponents that raising the necessary money would not be a problem. We have all spent enough time around a race track to be a little skeptical of the stories we hear and we are left with a few doubts about these assurances.

The Cattle Land proposal is the most ambitious of the three in all respects, not least of which is the amount of financing required. A combination of debt and equity is being proposed with the equity portion being raised publicly from investors. We have serious reservations about this approach. We do not think a publicly traded company is a suitable vehicle for raising risk capital for a project of this type. Public equity participation may be worth contemplating once a successful operation is underway, but not to finance development of the project. Furthermore, Cattle Land has not demonstrated to our satisfaction its ability to raise the amount of capital required, either in the form of debt or equity. Their proposal does contain a letter from a national investment dealer expressing willingness to underwrite project financing in the area of $100

million. While this letter is encouraging, it is not a commitment to raise the funds. We interpret the letter as simply an expression of interest in the project, and a willingness by the investment dealer to act as the underwriter, provided due diligence is satisfactorily completed. Such an undertaking falls far short of an underwriting commitment.

The Pacific Coast and U.T.R.F. proposals both require substantial financial concessions from the Provincial Government. Pacific Coast wants 2% of the pari-mutuel takeout to go to the track operator until its $65 million debt is retired. U.T.R.F wants 2.5% to cover the debt it would incur, and a Government guarantee of the indebtedness so that it can raise the money and do so at a favourable interest rate. Pacific Coast is raising $20 million from a group of private investors while U.T.R.F. expects to cover all its costs with the loan.

We have two problems with these proposals. First, we are concerned that even if it were willing to make these concessions the Provincial Government might not have the legislative authority to commit future governments to a particular allocation formula with respect to the distribution of the pari-mutuel tax. If such a commitment could not be made we suspect the financing for these proposals would be much more difficult to obtain.

Our second concern is more general and basic. It involves the capacity of the horse racing industry to bear the burden of any additional debt load. Earlier in our report we referred to the financial returns to the various participants in the 1987 thoroughbred season. In calculating those figures we made several very conservative assumptions, yet they still showed massive annual losses being sustained by owners and breeders. Unless it is demonstrated beyond doubt that a new race track is going to dramatically improve the mutuel handle, the key ingredient to restoring the overall economic health of the industry, is it realistic to be talking about assuming huge debt loads for a new facility? It cannot be justified on the basis that the money is only coming from the Government, not if the Government is prepared to support some other, perhaps more appropriate initiative designed to assist the industry. A new race track now, whether it is financed by debt, equity or any combination of both is going to take money out of the industry, and the cost of having it now has to be justified in terms of benefits now, at

least equal in value to that cost. Assuming we have a choice after the City of Vancouver makes its decision on the future of Exhibition Park, we must be careful that we do not leap into something that might turn out to be just another burden on the industry. The 1% or 1 1/2% that will be left of the Government's share of the takeout is not likely to be enough to launch a bailout if we make a mistake.

TELETHEATRE WAGERING

Off-track wagering was introduced in New York in 1971 as an innovation designed to increase the mutuel handle by taking wagering opportunities to bettors at locations other than the race track. The off-track betting handle in New York on thoroughbred racing alone during 1987 was just under $1.1 billion, substantially more than the on-track handle.

In 1982 the Ontario Jockey Club introduced inter-track wagering to North America. This system utilizes the facilities of one race track to conduct wagering on live races at another track. The races are simulcast live from the host track and provide patrons at the remote location the opportunity to wager and witness the race. Inter-track wagering has spread to a number of other racing jurisdictions, including Southern California where the results were extremely impressive and beyond projections even though only six of twelve planned outlets are so far in operation. Purses for horsemen racing at the recently concluded Santa Anita meeting were up 15 percent over last year as a direct result of inter-track wagering.

Teletheatre wagering is a refinement of the inter-track wagering concept. Instead of telecasting a race from one track to another, it involves telecasting live races to what are known as teletheatre locations where wagers are accepted. Teletheatre wagering is spreading rapidly in the United States. One expansion which is likely to have an effect on racing in the Lower Mainland is the recent establishment of an outlet in Bellingham by the owners of Longacres Race Course in Seattle. The initial response has far exceeded expectations. The facility is intended to operate year-round and it will likely cut into the handle at both Exhibition Park and Cloverdale Raceway.

There has been some experience with off-track wagering in British Columbia. Telephone Betting Accounts which allow bettors to phone in their wagers to

the track was introduced to Exhibition Park in 1983. Simulcasting of major races to Exhibition Park from host tracks in Canada and the United States is another innovation which has been well-received and expanded since its introduction. A brief experiment with inter-track wagering on standardbred racing between Cloverdale and Sandown was abandoned, although the results in our view were quite encouraging.

In our opinion teletheatre wagering is something that should be aggressively pursued in British Columbia. Through simulcasting, racing is doing what other major sports have been doing for years, taking the sport to the fans. British Columbia, with its isolated pockets of population spread over a large geographic area, seems particularly well-suited for the introduction of this form of sporting entertainment. Obviously the manner of implementation of the concept will be critically important to its success, but much has been learned since the early 1970s when some of the potential problems with off-track wagering were first identified. The more recent experience in other American jurisdictions is particularly encouraging and lead us to believe that the introduction of teletheatre wagering could play a significant part in turning around the fortunes of British Columbia racing.

Racing in our Province does not operate in isolation. The successful introduction of teletheatre and inter-track wagering in Washington and California, two racing jurisdictions with which we interact in a major way, may put us at a significant competitive disadvantage if we lag behind in this area. Some of our better horses may be drawn away to the more lucrative purses in these other jurisdictions, and acquiring horses for racing or breeding in British Columbia will become even more difficult.

The introduction of teletheatre wagering in British Columbia seems to be hung up over a jurisdictional dispute between the federal and provincial governments. A Discussion Paper was issued in August, 1987 by the Race Track Division of Agriculture Canada. A number of the Provinces, including British Columbia, have made submissions to the Federal Minister of Agriculture in response to the Discussion Paper. The debate has centered on which level of government should exercise jurisdiction over the implementation and control of the teletheatre wagering. The provincial position is that all aspects of teletheatre wagering should be under the jurisdiction of the provinces with the federal authority

restricted to the supervision of the pari-mutuel wagering system and the issuance of permits for such wagering. On June 6 the Federal Government introduced Bill C-133 which authorized pari-mutuel betting in betting theatres. It appears that a breakthrough is at hand, although the proposed legislation is somewhat confusing as to the allocation of jurisdiction as between federal and provincial authorities.

RECOMMENDATIONS

1. We recommend that a non-profit society be created to develop, own and manage horse racing facilities in the Lower Mainland Area. The society in its composition, organization and function should be modelled after the Ontario Jockey Club. We suggest as a name "British Columbia Racing Association". Its mandate should, in addition to the development and efficient operation of horse racing facilities, include protecting and promoting the interests of the industry in general.

Membership in the society should consist of twenty-five persons and include:

(i) two representatives of the B.C. Division of the Horsemen's Benevolent and Protective Association;

(ii) two representatives of the B.C. Division of the Canadian Thoroughbred Horse Society;

(iii) two representatives of the British Columbia Standardbred Association;

(iv) two representatives of the British Columbia Standardbred Breeders Association;

(v) one representative of the British Columbia Horse Council; and

(vi) sixteen prominent persons with backgrounds in racing sufficient to enable them to identify its needs and enough interest to justify the time and energy that their commitments will involve.

The members who represent organizations should be appointed from time to time by the organizations they represent. The members at large should be appointed by the Provincial Government, but selected from a panel of names proposed in the case of the founding members by either the task force or a selection committee established for that specific purpose. In the case of subsequent appointments the panel of names should be proposed by the society. The appointments in all cases should be for limited terms and staggered so as to ensure sufficient continuity.

We struggled a little in determining the exact number of members. Twenty-five seemed excessive in terms of a well-organized, highly-disciplined management team, but

the function we have in mind for the members is not day-to-day or even month-to-month management. That responsibility will be assigned to a much smaller number of directors and to professional staff engaged for that specific purpose. The members would contribute at a different level, to the development of longer-term plans and strategies. They would also serve as goodwill ambassadors for horse racing, something the industry desperately needs to recruit new owners and perhaps lure back some of those who have abandoned the sport in recent years.

The quality of the appointments and the balance between the members who represent organizations and those who do not will be critically important to the effectiveness of the organization. We are anxious to reduce the risk of internal disputes amongst those with strong vested interests. We look to the members at large as a group with loyalties to the industry generally rather than to any particular segment or group within the industry.

The society is going to be burdened by a tremendous workload during its first two or three years. It will involve an onerous commitment from a group of volunteers who will not be remunerated in their capacity as members and directors, but we believe that we can assemble a group that has both the talent and the energy to meet the challenge.

2. The future of Exhibition Park will to some extent be determined by the City of Vancouver's decision on the future use of Hastings Park. Our recommendation with respect to thoroughbred racing facilities must of necessity be made contingent upon the City's plans which are expected to be announced in early 1989. If the City confirms that it is prepared to proceed with a twenty year lease for the racing facility upon the expiry of the current lease between the P.N.E. and the Jockey Club, the task force recommends that the new lease be between the City and the industry's non-profit society. The lease should be year-round, include some additional lands to facilitate an enlargement of the race track, but otherwise be on the same basic terms a the current lease. One further exception might include a provision dealing with the unnecessary irritant of arbitrary and excessive parking charges for the patrons attending the race track.

3. The finalization of plans for the expansion of Exhibition Park should be an immediate priority for the

non-profit society so that the City can be made aware of the industry's needs for additional land and the implications they might have with respect to the future of Empire Stadium and Playland. In developing the plans for an expanded facility we recommend modifications to the existing facility rather than a wholesale redevelopment of the site. The size of the site, even with the addition of the Empire Stadium and Playland property, precludes the development of the kind of facility that will be needed to meet the future needs of the racing industry. The cost of a major redevelopment relative to what is achievable on the site, coupled with the limited tenure under the lease, leads us to believe that we should think in terms of substantial improvements but not a new race track. The program we have in mind would include an expansion of the running track to six or seven furlongs, the construction of an inner track for standardbred racing, rebuilding the barns to accommodate approximately half the current horse population with the other half relocated to a training centre at another location, and the possible enlargement of the clubhouse to include a turf club and an area that could be used as an inter-track facility during the off-season.

4. We recommend that subject to the resolution of two residual concerns we have about the Colony Farm location and one contingency, that the property be purchased by the non-profit society from B.C. Buildings Corporation. Our two concerns are the site conditions and fog. The two proposals for Colony Farm include reassuring information on both of these issues, but in view of the potentially disastrous implications they could have on the suitability of the site, an independent evaluation would seem appropriate. The contingency involves the approvals from both the Municipalities and the Land Commission. The approvals should relate to our long-term plans for the land, namely, the development of a world class horse racing facility. If the concerns cannot be resolved or the approvals not obtained, the search for a suitable site would continue.

Assuming the property is purchased, we recommend that the first phase of development proceed and include stables for the horse population that will be displaced by the improvements to Exhibition Park. The first phase of development will of necessity include some general site improvements. Whatever is done should be consistent with the overall long-term plan for the new race track. A second phase of development might include a sales facility, designed to be also used as a teletheatre location which would be useful in not only increasing the

utilization of the facility but in initiating the process of developing the local market around the new location. We do not wish to predict beyond the first two phases of development. The needs will identify themselves soon enough. The development schedule will more likely be restricted by the availability of money than the lack of priority needs.

5. We anticipate that the option of building the new race track and relocating to it without creating an undue risk to the industry will be available within a ten to twelve-year period. Obviously, the schedule would have to be dramatically altered if the City of Vancouver decides not to extend the lease for Exhibition Park and thoroughbred racing is forced to move after the 1993 season. We think such a move would be premature and create serious risks for the thoroughbred industry, but that is one of the hazards of an industry not being in control of its own future, a circumstance that we intend to change to some extent with the acquisition of the new site. If the City enters into the lease then the time schedule for relocation will be driven by a more rational process. It may be triggered by the solution of traffic access problems, by a dramatic resurgence of the industry, by some alternate need for the Hastings Park property by the City of Vancouver, by a combination of these and other as yet unidentified factors. When the time is right the option will be there. In the meantime the new location will be put into a useful interim use, Exhibition Park will be developed to the potential which its site allows and we can concentrate our energies on restoring the industry to health by enlarging the market and increasing the handle.

6. The current lease between the P.N.E. and the Jockey Club does not expire until December 31, 1993. We believe there is an opportunity for the non-profit society to work cooperatively with the Jockey Club to implement some of the improvements we have suggested without waiting for the current lease to expire. The Jockey Club has demonstrated a commitment to horse racing over the past forty years and we are optimistic that they will recognize the potential benefits to the industry and assist during the transition period. If this is not possible the improvements to Exhibition Park will have to be deferred until 1994, but work can begin in the meantime at the Colony Farm location.

7. In describing the non-profit society we made reference to the model provided by the Ontario Jockey Club. That organization conducts racing at its

facilities, and we recommend that this option also remain with our non-profit society. The society may, however, decide to invite proposals from others, including obviously, the existing associations, and allow them to conduct racing under a lease or some other arrangement, the term of which would be long enough to allow for continuity, but no so long or so wide open as to create a monopoly. We anticipate that the non-profit society will quickly develop and mature into an organization like the Ontario Jockey Club but this option is there if the society thinks it is appropriate to tap into the experience of the existing associations.

8. Assuming the lease for Exhibition Park is secured from the City of Vancouver, we recommend that the non-profit society invite the standardbred association to conduct racing during the first three months of its current Fall-Winter season a Exhibition Park. This will not be possible until the facilities there are improved, and the separate standardbred track is built. The thoroughbreds will require Exhibition Park for training from mid-January, at least until the training facilities at Colony Farm are enlarged to include the entire thoroughbred population, and at that stage the option of switching all the dates from Cloverdale Raceway to Exhibition Park will be possible. Cloverdale would remain as a standardbred training facility and until the last stage of the switch-over racing there would continue. The number of racing days lost at Cloverdale could be reduced if the market recovers enough to warrant the introduction of overlapping dates.

9. We recommend that no decision be made yet as to whether the new race track should be a single use thoroughbred facility or a combined thoroughbred-standardbred facility. We strongly suspect that when the time comes for that decision the answer will be obvious. At this stage, we would offer the following opinions. Exhibition Park, even on its present site, is capable of being a world-class facility for standardbred racing and the only disadvantage of remaining there indefinitely is the leasehold tenure and the uncertainty that it creates. If we could be confident of its continued availability, we would develop the new race track as a world-class thoroughbred facility. The end result would be very impressive - both sectors of the industry operating at world-class facilities. There is one more complication. The two sectors compete with each other and any move that significantly alters the competitive balance between them must be very delicately handled.

10. We considered and rejected the idea of creating two "facilities funds", one for thoroughbreds which received funds generated by thoroughbred racing and the other for standardbreds which received funds generated by standardbred racing. We believe that there should be a single facilities fund administered by the non-profit society representing the interests of both sectors. There have been recent signs of improved communication and cooperation between the two sectors, even though there is some lingering suspicion, particularly amongst the standardbred people, that they will not be treated fairly by the more dominant thoroughbred sector. In the area of facilities development their respective interests overlap to the extent that we are reasonably confident that they can work effectively together.

11. The task force recommends that the amount of the pari-mutuel tax currently committed to facilities improvement be increased from one-half per cent to two and one-half percent and be paid to the non-profit society to enable it to undertake the facilities improvement program which we have outlined in our recommendations. The program would be reviewed at five year intervals to ensure that objectives were being met, and discontinued after the proposed facilities were in place. No further financial support for facilities should be necessary, subject to this proviso: if the City of Vancouver decides not to enter into a lease with the society, further financial support, probably in the form of loan guarantees, will likely be necessary to build a new facility in time for the 1994 horse racing season. Our recommendation for government support should be considered in the following context:

(i) A reduction of the pari-mutuel takeout is a method of permitting more of the funds that the industry itself generates to remain with it;

(ii) The security of this revenue source to the provincial government is threatened by the difficulties which are driving the industry into a spiral of decline from which it may not recover;

(iii) The net cost of this adjustment to the takeout will be offset to some extent by any increase in the mutuel handle which results from improvements to the racing facilities and the introduction of teletheatre wagering;

(iv) The money paid into the facilities fund will be spent on hard assets that will be the essential infrastructure for the horse racing industry into the next century;

(v) If the trends within the industry are not reversed, the cost to the government in terms of lost employment and economic activity in the agriculture and recreation sectors of the economy will be inevitable;

(vi) The current situation in the horse racing industry is not unique to British Columbia, and numerous other racing jurisdictions in Canada and the United States have responded with reduced pari-mutuel takeouts in efforts to rejuvenate their horse racing industries.

Our recommendations reflect what in our judgment is a responsible and realistic course of action which will carry the horse racing industry into the future. The industry has a long tradition in this Province. It is a source of livelihood to man , and a source of enjoyment to many more. We believe that notwithstanding its current difficulties, the industry has a tremendous potential and that our recommendations if implemented will help it survive and pursue that potential.

Ten to twelve years is a long time to wait for new facilities, and would seem even longer if we did nothing in the meantime. It is not our intention to stand still at any time. What we propose does indeed involve a long-term plan, but one that begins immediately.

We hope that our recommendations are understood, not just in their expression, but in the reasons that made them necessary. There is no high drama or instant results in what we suggest, but there is also little risk. This might seem overly conservative for an industry supported by gambling instincts, but we would rather not gamble with the future of an industry we care so much about and on which so many people depend.

MOHAN S. JAWL, Q.C., Chairman

R. BRUCE HARVEY, Q.C.

J. ANTHONY HEPBURN

J. LYLE MacMILLAN

APPENDIX A

TERMS OF REFERENCE - RACING INDUSTRY TASK FORCE

1. What type of facility is required in the Lower Mainland, to meet the current and projected needs of the horse racing industry in the Province?

2. Where should the facility be located and what other related or complimentary uses might it accommodate?

3. How could ownership and/or management of the facility be structured so as to enhance competition and ensure a high standard of performance by those who operate the facility?

4. What are the relative merits of the proposals submitted to you in response to your invitation to the industry?

APPENDIX B

PROPOSALS AND SUBMISSIONS TO RACING INDUSTRY TASK FORCE

PROPOSALS

Cattle Land Resources Corp.
United Thoroughbred Racing Foundation of British Columbia
Pacific Coast Turf Ltd.
Alaskagold Mines Ltd.
British Columbia Jockey Club
Pacific National Exhibition

SUBMISSIONS

City of Vancouver
B.C. Standardbred Association
Thoroughbred Classic Series
The Corporation of the District of Surrey
Longacres Race Course, Inc.
American Quarter Horse Association
Stampede Tack
Hastings Park Restoration Society
Horse Council of British Columbia
Canada West Ranches
Hastings-Sunrise Citizens' Planning Committee
Canadian Thoroughbred Horse Society, Interior Division
B.C. Standardbred Breeders' Society
B.C. Standardbred Association
Maple Ridge - Pitt Meadows Chamber of Commerce
Vernon and District Agricultural Society
Ontario Jockey Club
Colony Farm Holdings Ltd.
British Columbia Agricultural Land Commission
North West Quarter Horse Breeders Society
Lower Fraser Valley Exhibition Association
Horsemen's Benevolent and Protective Association of British Columbia
Thoroughbred Classic Series
Kelowna Sportmans Turf Park Ltd.
Vancouver Island Thorough-bred Horse Society
Capital City Turf Club
Desert Park Exhibition Society
Orangeville Raceway Ltd.
Shady Creek Ranch Ltd.

Alfred A. Lewsey
David A. Taylor
Norma McCaskie
Leif Andersen
A.F. Clarke
Genevieve J. Matheson
Douglas E. Clyde
Robert A. Jack
Harold Baroby
Dennis Terry
Brian Fisher
Alvin Chan
Stan Sundell
Bryant P. McAfee
Eric A. Astrom
Keith Reed
Lee Iles
Sonny O'Connell
Bob Stirskey
George Cummins

Eric Garcea
Don Winton
Ted Ewachniuk
Perri Ashdown
Geoff Robinson
Jeanne Kanevsky
Derek Todd
Marvin W. Hamilton
Tim Wittenburg
Craig C. Mearns
Sadie and Stuart Rhodes
Norman J. Dixon
Joan Brett
Nelson Rudelier
Peter Hiltz
Dennis Turkington
A. F. Clarke
Jean A. M. Wemp
Ed and Marjorie Lane
Neil DeMacedo
Lee R. Oakford
J. Fraser McColl
Mr. and Mrs. E.M. Dittloff
John Gilray
Pamela Cardiff
Ron Stiles
Alf Johnson
Jim Lovell
Guy Faint
Dan Lalande
Debbie Poirier-Smith
Sylvia Clifford
L. Bobrownik
S. Kraehling
Jancy Jankev
Alana Sutton
Janice Lundquist
Pauline Cunningham
A. Derksens
Donna Morrison
Ellen Ratzlaff
A.F. Clarke
R.H. Edwards
Dan McCarthy
Rodger Latham
Phyllis Shepherd
Paul McDonaugh
Larry Sandferd
P. Dunham
John Cashore, M.L.A.
W.R. Bennet

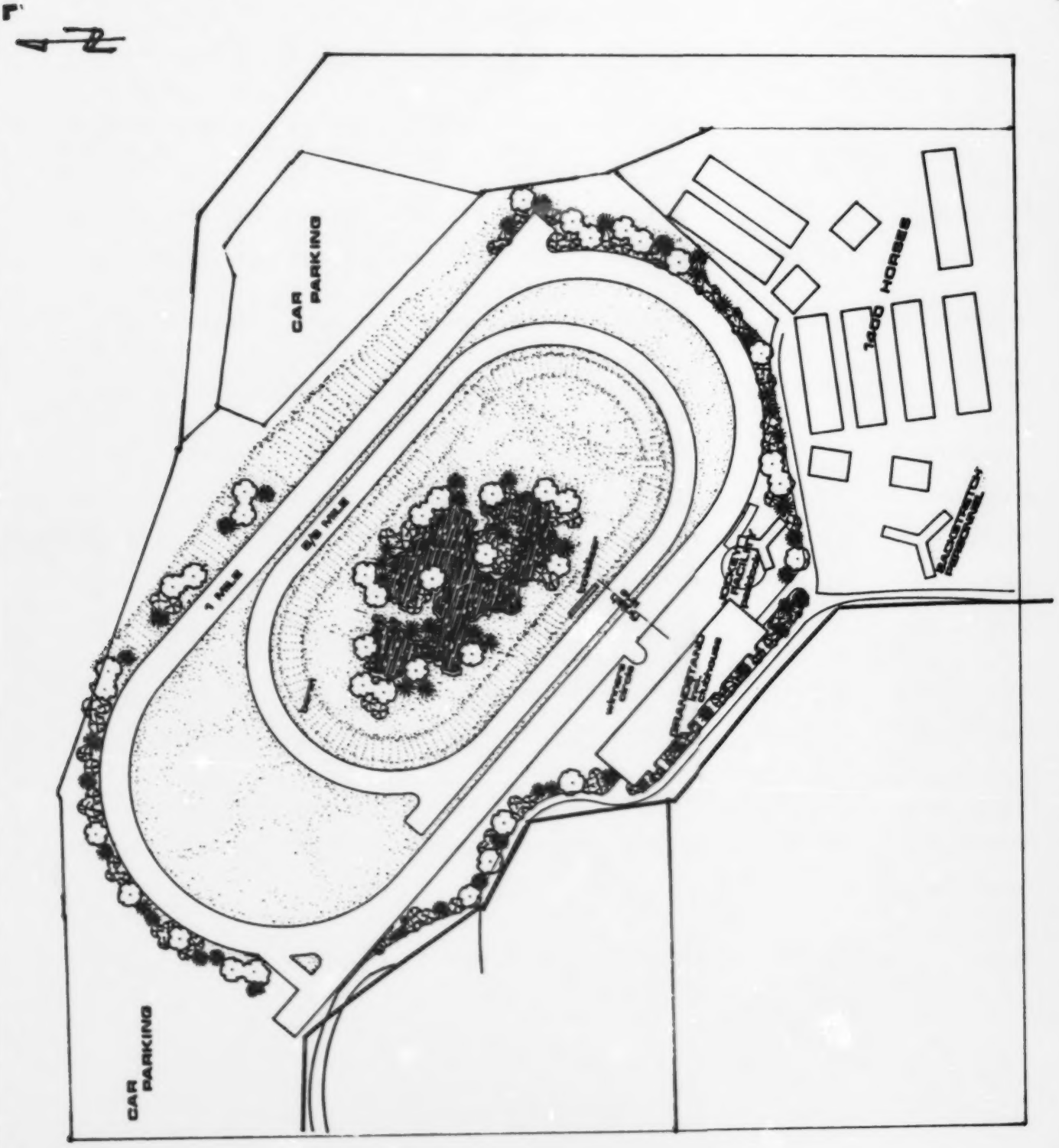
Peter Ellickson
Terry Sengara
Catherine Sadler
R. A. Livingston
Sidney Pratt
Cliff Warren
Robert M. Steel
David Mahabir
Heather Blackmore
Judy and Dale Wetter
James Blackmore
David A. Lummin
May Threlkeld
Joe and Carol Walls
Larry Ryan
Ross Stewart
Mr. & Mrs. B. Whitehouse
A. V. Edwards
J. Neil Wemp
K. C. Baker
Irv and Sue Nixon
Bev R. Braden
Robert Harlow
Rita Toker
Norm Beaton
Ken Duncan
Tom Kuntz
Russell B. Jones, Jr.
John Nicholls
Tim Larsen
R. L. Vuckoic
Jean Buckley
T. Beaudin
S. Benyuis
Donna Short
Darlene Marshall
L.H. Ratzlaff
Sid Hadden
G.W. Morrison
Velma Derksen
R. Lundquist
Phil Reimer
Boris Zistu
J.C.F. Murphy
Moira Ziola
Pat Charlston
Marilynne Hedly
Steve Mushey
Mark Rose, M.L.A.
R.W. Williams

APPENDIX C

Site Area, P.W.E. Grounds

APPENDIX D

Architect's Drawing Showing Potential of 110 Acre Site



APPENDIX E

ANNUAL POPULATION GROWTH TRENDS

	1976	1981	Annual Increase '76/'81	1986	Annual Increase '81/'86	1996	Annual Increase '86/'96
Vancouver	414,409	415,220	0.04%	431,147	0.76%	442,000	0.25%
Burnaby	131,599	136,494	0.73%	145,161	1.24%	159,800	0.97%
New Westminster	38,393	38,550	0.08%	39,972	0.73%	41,800	0.45%
North Vancouver	96,132	99,306	0.65%	103,939	0.92%	106,800	0.27%
West Vancouver	37,100	35,728	-0.75%	36,266	0.30%	36,450	0.05%
Richmond	80,034	96,154	3.74%	108,492	2.44%	131,100	1.91%
Delta	64,542	74,771	2.99%	79,610	1.26%	89,700	1.20%
Surrey	116,500	147,000	4.05%	182,500	5.13%	268,100	3.92%
Coquitlam	57,123	61,077	1.35%	69,291	2.56%	88,650	2.49%
Port Coquitlam	23,939	27,538	2.84%	29,115	1.12%	33,600	1.44%
Port Moody	11,649	14,917	5.07%	15,754	1.10%	21,400	3.11%
Pitt Meadows/ Maple Ridge	34,324	38,548	2.35%	44,027	2.69%	56,150	2.46%
Langley	46,782	59,804	5.03%	69,991	3.20%	99,300	3.56%
Vancouver Census Metropolitan Area	1,166,323	1,268,280	1.7%	1,380,729	1.7%	1,600,000	1.5%

APPENDIX F

EXHIBITION PARK - RACING STATISTICS

Year	Racing Days	Total Attendance	Average Daily Attendance	Total Handle	Average Daily Handle	Per Capita Wager
1978	110	1,003,408	9,122	$ 96,301,132	$ 875,465	$ 96
1979	108	993,553	9,200	106,781,374	988,716	107
1980	113	979,146	8,665	118,145,642	1,045,642	121
1981	108	1,012,453	9,384	138,191,286	1,279,549	136
1982	109	1,106,037	10,147	146,837,334	1,347,132	133
1983	119	1,025,436	8,617	147,251,005	1,237,403	144
1984	111	905,618	8,159	128,991,938	1,162,090	142
1985	140	1,038,969	7,421	143,954,097	1,028,244	139
1986	136	874,976	6,434	128,084,885	941,801	146
1987	124	868,570	7,005	129,813,326	1,046,882	149

APPENDIX G

FINANCIAL IMPLICATIONS TO GOVERNMENT

Current Takeout

	Feature Wagering	Multiple Wagering	Exotic Wagering
Provincial Government	3.00%	3.00%	3.00
Federal Government	.80	.80	.80
Horse Racing Improvement Fund	3.50	3.50	3.50
Facility Improvement Fund	.50	.50	.50
Race Track	8.00	12.50	13.00
TOTALS	15.80%	20.30%	20.80%

Proposed Takeout

Provincial Government	1.00%	1.00%	1.00%
Federal Government	.80	.80	.80
Horse Racing Improvement Fund	3.50	3.50	3.50
Facility Improvement Fund	2.50	2.50	2.50
Race Track	8.00	12.50	13.00
TOTALS	15.80%	20.30%	20.80%